

SUMMARY ANALYSIS OF AMENDED BILL

Author: Figueroa Analyst: Colin Stevens Bill Number: AB 1702

Related Bills: See Prior Analysis Telephone: 845-3036 Amended Date: 3/23/98

Attorney: Doug Bramhall

Sponsor:

SUBJECT: Employer Provided Public Transit Passes Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended MARCH 12, 1998.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO SUPPORT.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED MARCH 12, 1998, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would allow a credit equal to 40% of the cost paid or incurred by an employer for providing subsidized public transit passes to an employee who lives in California.

SUMMARY OF AMENDMENT

The March 23, 1998, amendments:

- clarify under the B&CTL provision that an "employee" must reside in California to make the employer eligible for a tax credit; and
- under the PITL, limit the carryover period for unused credits to 11 years after the credit is allowed.

Except for the changes discussed above and the new position, the department's analysis of the bill as amended March 23, 1998, still applies. The technical concerns in the department's analysis of the bill as amended March 23, 1998, have been reiterated, with modifications to reflect the amendments.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

☒ X ☐ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
☐ PENDING

Agency Secretary Position:

☐ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved _____
Position Disapproved _____
Position Noted _____

Department/Legislative Director Date
Johnnie Lou Rosas **4/9/98**

Agency Secretary Date

By: Date:

Technical Considerations

The PITL and the B&CTL language do not clearly limit the carryover to 10 years as the author's staff indicated is intended. Amendments 2 and 4 would clarify that carryover would be limited to 10 years.

The word "of" has been inserted in front of the description of the amount of credit that would be allowed under both PITL and B&CTL. This term is unnecessary and is different from standard credit language. Amendments 1 and 3 would delete this potentially confusing language.

BOARD POSITION

At its March 26, 1998, meeting, the Franchise Tax Board voted 2-0 to support this bill. Robin J. Dezember, on behalf of Member Craig L. Brown, abstained.

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1702
As Amended March 23, 1998

AMENDMENT 1

On page 2 line 6, strike "of"

AMENDMENT 2

On page 2, strike lines 11, 12, and 13 and insert:

"net tax," in the following year and the next 9 succeeding years if
necessary, or until the credit has been exhausted, whichever occurs first.

AMENDMENT 3

On page 2 line 33, strike "of"

AMENDMENT 4

On page 3, strike lines 5 and 6 and insert:

in the following year and the next 9 succeeding years if necessary, or until
the credit has been exhausted, whichever occurs first.